

Interim report for the period January 1 - March 31, 2019

Press release April 17, 2019

January - March

- Net sales amounted to MSEK 51.1 (12.2), an increase of 318.8 % compared to the same period the previous year.
- EBITDA result amounted to MSEK 6.2 (-3.0).
- EBITDA margin amounted to 12.1% (-24.8 %).
- Profit after tax amounted to MSEK 2.5 (-6.3).
- Earnings per share amounted to MSEK 0.32 (-0.91).
- Total cash flow amounted to MSEK 0.5 (-1.4).

CEO comment

“The Seamless Group displays strength and presents yet another excellent quarter. Our revenue totals SEK 51.1 million, which is an increase from SEK 12.2 million during the same quarter the previous year. We have a positive net profit of SEK 2.5 million for the quarter, compared to SEK -6.3 million the same quarter the previous year. SDS’s part of the Group’s business shows stability, primarily through revenue from the large projects in Nigeria and southern Africa. After our mobile operator customers have used up their annual budget during the last quarter of the year, there is often some seasonal variation, with a weaker first quarter in the order books, and this was the case this year as well.

This is the first full quarter to be impacted by the Nordic distribution business, SDD, and SDD sales were SEK 23.4 million. Profitability is progressing somewhat slower than expected, but we see a steady stream of new shops joining SDD’s distribution network. This is constantly improving profitability as the fixed costs remain unchanged.

SDS IMPORTANT FOR THE HIGHEST LEAGUE

We met Rob Shuter, Group President and CEO of MTN and parts of the MTN management team for a couple of hours in our conference room at the big Mobile World Congress in Barcelona. We were able to present our insights regarding digitalization of MTN’s distribution network and to have a dialogue about future scenarios for the area. The MTN Group is the seventh largest operator in the world and the largest in Africa, with mobile networks in 22 countries, 235 million mobile users and annual sales of SEK 88 billion.

SEAMLESS CREATES WORK AND BUSINESS INITIATIVES

Together with the region’s mobile operators, SDS creates an opportunity for daily revenue for more than a million people in Africa and the Middle East. This is done through SDS’s solutions, which establish a platform for mobile transactions in these gigantic but undeveloped markets. An innovative example is that we give all mobile users the opportunity to immediately become retailers, so-called microentrepreneurs. Imagine, for example, an enterprising person in every village who uses their telephone to register direct as a retailer and provides their fellow villagers with digital services without complicated registration procedures. We call the function “Be your own boss”.

MORE AND MORE REVENUE FLOWS

The work on changing our business model towards an increased percentage of recurring revenues continues, but the dependence on major contracts to create an even revenue flow quarter after quarter remains. Our aim is to achieve a considerably larger percentage of recurring revenues but until this completely balances the cost mass, several major contracts per year are necessary and we can therefore expect continuing swings from quarter to quarter. Our acquisition of SDD distribution in the Nordic and international markets gives us a steady recurring revenue flow, albeit with a low margin. Furthermore, purchases by existing customers among mobile operators in Africa and the Middle East from our current comprehensive range of additional functions are in practice a recurring revenue flow. We see orders of this kind in the area, from a hundred thousand to a couple of million Swedish kronor, as a relatively stable and steady financial contribution, even though they are below the radar of our information policy, which stipulates press releases for orders of more than SEK 5 million.

Tommy Eriksson,
CEO, Seamless Distribution Systems AB”

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This information is the information that Seamless Distribution Systems AB (publ) is required to disclose under the EU Market Abuse Regulation.

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About Seamless Distribution Systems AB (SDS)

SDS is a Swedish software company with solutions for electronic distribution of services to private consumers through mobile operators in emerging countries. The company offers its corporate customers a comprehensive solution for digital transactions. The company has customers in all parts of the world that reach over 300 million mobile users through more than 1,000,000 active point-of-sales. SDS has approximately 146 employees in Sweden, Belgium, Ghana, Nigeria, USA, Pakistan, India, South Africa, Ecuador and the United Arab Emirates. With over 18 years of experience, SDS focuses on high level of customer satisfaction and effective development. SDS manages over 5.3 billion transactions annually and enables the growing population of emerging countries to become part of the mobile revolution.

SDS share is listed on NASDAQ First North Premier.

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